IDC MarketScape

IDC MarketScape: Worldwide Warranty Service Management Applications 2024 Vendor Assessment

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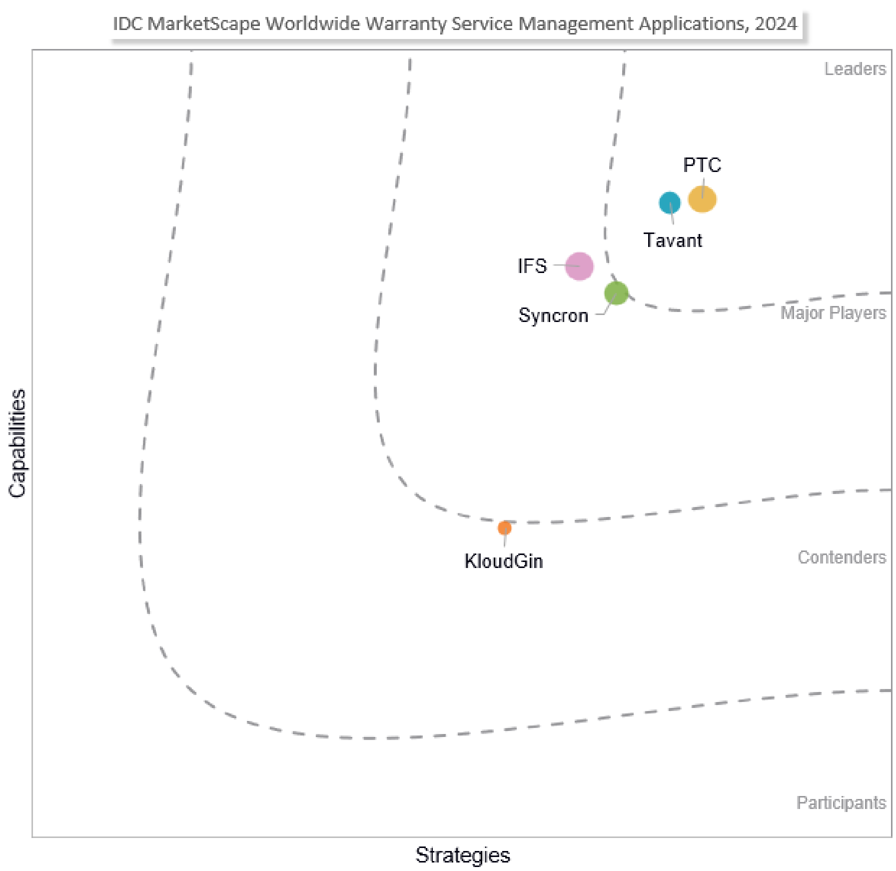
THIS IDC MARKETSCAPE EXCERPT FEATURES: PTC

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Warranty Service Management Applications Vendor Assessment



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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Warranty Service Management Applications 2024 Vendor Assessment (Doc #US49989423e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

As service networks become more complex, the ability to automate service processes to improve efficiency, satisfy customer needs, and strengthen partnerships will be a crucial and strategic differentiator. In warranty service management, the intricacy of the service network gets amplified as service organizations need to interact with dealers, distributors, suppliers, original equipment manufacturers (OEMs), customers, third-party servicers, and technology partners, just to name a few of the stakeholders. According to IDC's 2023 *Product Innovation and Aftermarket Service Survey,* 2 of the top 3 priorities for the coming 12–24 months were improving service quality to customers and tightening relationships with customers through product innovation and service delivery (36.5% and 35.1%, respectively). Warranty service management historically prioritized claims processing as a somewhat reactive process with limited impact on the customer. But as customer expectations and competition for wallet share increase, looking to the warranty operation as an opportunity to enhance experiences is now another critical touch point for the service organization to deliver value.

The warranty operation has been wrought with disjointed and manual processes that hinder collaboration, quality improvements, trust, optimal customer outcomes, and margin growth. Technology investments and automation are beginning to transform the warranty experience and rapidly introduce innovations, which are leading to new possibilities. When paper and manual processes are the status quo for the warranty operation, it is near impossible to quickly identify fraud, detect potential for a global recall, contain costs, understand the root causes of product quality issues, or prioritize suppliers that are helping drive profitability.

This study assesses the business strategies and capabilities of many notable technology vendors in warranty service management and aftermarket service. Key findings of this warranty service vendor assessment include:

- The warranty process can no longer be an afterthought for service organizations and manufacturers; it needs to be a critical part of a broader service and enterprise transformation leading to increased efficiency, profitability, engagement, and customer and partner outcomes.
- The aftermarket is a collection of processes that have a shared goal of issue resolution and achieving outcomes for a customer or an operator. Too often, these processes are viewed and managed as siloed entities, as opposed to a life cycle of interconnected touch points. Achieving a truly connected service enterprise is the pinnacle of achievement for the aftermarket service organization.
- A closed loop of innovation connecting service processes like warranty management with engineering, quality, and design times has evaded organizations for some time. Advanced technologies and automation in the warranty process enable the opportunity to finally close

this gap and break down the silo between service and back-office teams. But this collaboration needs to be automated so teams don't need to physically interact as the speed of the data is immense and could overwhelm. Curated and contextualized insights are critical.

- This IDC MarketScape highlights the unique capabilities and future strategies of each vendor that aid service leaders, warranty managers, technology buyers, influencers, and partners to successfully automate and transform the warranty service operation and explore opportunities to become a (more) digital business.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

For the purpose of this study, we have focused on those vendors that we deem to be notable because of the following characteristics:

- Vendors must have a warranty service application or offering that is currently commercially available.
- Vendors must have customers in at least four industry segments and in at least three geographic regions.
- Vendors must have served the warranty service management space and aftermarket for at least seven years.
- Vendors must have capabilities to support end-to-end warranty service management processes.

Each of the vendors included in this study meets the aforementioned requirements. There are vendors that offer applications or products for a subset of warranty service management processes or support adjacent markets that are notable but not included because they do not meet the "end-to-end requirement" commercially available currently for the warranty service market. This may change in the future, and future publications of this study will have additional inclusions.

ADVICE FOR TECHNOLOGY BUYERS

The warranty service operation is due for reexamination within many service businesses. Too often, the metrics of success are internally focused or siloed in their nature. Warranty management transcends an individual claim being processed or a single fraud that was caught by sheer accident. Service organizations need to recognize the impact and value of the warranty operation to aid in the delivery of value to customers and differentiated outcomes.

For service organizations intending to transform their warranty service operations and processes, IDC offers the following recommendations:

- **Establish a mindset and culture of continuous improvement with warranty service being a key input.** Disruptions are here to stay. To navigate headwinds, service organizations need to be able to see what is coming. Warranty claims can be a crucial predictor of pending disruptions or opportunities. The ability to quickly identify areas for improvement or risk with limited information will set service organizations apart from their peers. Continuously looking to improve products and services through the warranty process is a pathway to be the disruptor and not the disrupted.
- **Empower your service teams and networks with the tools that enhance their jobs, not add more work.** The talent crunch is a real challenge across industries. Adding tasks to service

teams, dealers, or suppliers doesn't help engage or retain these critical resources. Eliminating rote and repetitive tasks from work processes is no longer a nice-to-have capability; it is critical to ensure the service workforce and support teams can focus on delivering value.

- **Advocate for breaking down silos of information.** Service data must not solely reside with service applications for the benefit of the service team. Teams across the enterprise need to leverage warranty, defect, field quality, and service history data. Unfortunately, the languages the teams speak are often different, so tools need to be incorporated that make collaboration easy for the different groups.
- **Build trust through data, accuracy, timeliness, and transparency.** Most suppliers, customers, and dealers don't want to submit fraudulent claims. However, manual tools and a lack of personalized constraints can lead to unintended claims requests. Trust is built on both sides, and service organizations need to help customers, dealers, suppliers, and partners establish processes that are less error prone for shared benefit.
- **Prioritize advanced analytics and innovative technologies to bring insights at the speed of service needs.** Technology is evolving rapidly. Although not a panacea to solve all problems, it is important to leverage the right technologies to support insights and intelligence. As more assets, equipment, and products are connected, the volume of data that can be analyzed will outpace the ability for manual processes to keep up. Automation and technology is an enabler for relevant and contextualized insights.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

PTC

PTC is positioned in the Leaders category in this 2024 IDC MarketScape for worldwide warranty service management applications.

PTC (Nasdaq: PTC) is a global technology vendor that provides capabilities for warranty service management activities and is headquartered in Boston, Massachusetts. PTC has served the warranty service market for 38 years. In the past three years, PTC has acquired Onshape, Arena Solutions, Intland Software, Codebeamer, and ServiceMax in support of its aftermarket service capabilities. PTC has strategic partnerships specifically for the aftermarket and warranty service with Accenture, Amazon Web Services (AWS), Capgemini, Cognizant, Deloitte, Ducker Carlisle, Infosys, ITC Infotech, Kalypso, L&T Technology Services, Microsoft, OnProcess, Tata Consultancy Services, and Tech Mahindra.

PTC offers a wide variety of capabilities for warranty service activities including warranty product registration, warranty claim capture, warranty claims validation, early failure detection, warranty fraud detection, recalls, parts return, warranty adjudication, extended warranty service, warranty reservice optimization, supplier recovery, warranty administration, customer support, supplier reporting, payments and accounting, warranty analytics, predictive analytics and business intelligence, artificial intelligence and machine learning, connected products and IoT, and a modern customer user interface. The PTC Warranty application can be deployed on premises or via hosted public or private cloud and is modular.

Quick facts about PTC include the following:

- **Employees:** 7,000
- **Total number of aftermarket and warranty service clients:** 3,500+
- **Globalization:** Users in 100+ countries and support for 13+ languages
- **Industry focus:** Aerospace and defense, automotive, consumer products, farm, construction and industrial machinery/equipment, healthcare, high tech, oil and gas, process industries, retail, services, telecommunications, and utilities

Strengths

- **Flexibility, agility, and innovation:** PTC's warranty offering is flexible with the intent to empower customers in their management of warranty policies, coverages, reimbursement terms, business rules, workflows, and service campaigns. The warranty operation continues to evolve as customer needs and market shifts occur. PTC recognizes that the success metrics within the warranty operation today may be completely different in a year, quarter, or month, and service leaders need to be able to adapt quickly at scale to these shifts. PTC has been able to adopt and implement advanced technology capabilities within warranty service such as digital twins, which leverage warranty data improving claims management and the customer experience. PTC also has incorporated its recent acquisition of ServiceMax from a field service perspective to better optimize warranty transaction processing and analytics.
- **Connected warranty management leveraging the IoT platform:** PTC's IoT platform, ThingWorx, enables organizations to track warranty compliance and policy abuse in real time. Data from assets, equipment, and machines can be leveraged to have a more dynamic view into behavior, usage, and compliance. Without this IoT data, the warranty operation is reliant on a partial view of a claim, which can lead to intended or unintended fraud. This connected data environment enables digital twin and digital thread programs while also ensuring speed with regard to claims processing, adjudication, and new product/service innovations.

Challenges

- **Legacy systems and IT buy-in for a service-specific approach to transformation:** The primary challenge PTC faces is organizations that don't recognize the unique nature of warranty management and the aftermarket. Technology decisions that are made primarily in the IT organization may miss how the needs of the service operation differ from back-office functions. Service is dynamic and complex demanding insights from dealers, suppliers, partners, customers, and field teams. PTC will need to continue to educate the market and IT on how a service-specific offering can better adjust to market trends and ensure customers are satisfied with their experiences with the organization.

Consider PTC When

Service organizations should consider PTC when searching for a technology partner that has service at its core supporting the end-to-end life cycle. PTC has established capabilities that support the warranty service operation and also other processes within the aftermarket like service parts planning, field service execution, and IoT remote service. This connected approach to service experiences enables organizations to efficiently solve customer needs and advance digital thread and digital twin initiatives while accelerating innovation to address new market challenges.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

The five warranty service management technology companies evaluated in this IDC MarketScape provide strategic vision and support for a broad range of capabilities to aid warranty processes and service organizations across a variety of industries. All vendors in this study were assessed in the Leaders, Major Players, or Contenders categories as a result of their respective ability to address a wide spectrum of processes across the warranty service process. Each vendor supported a number of use cases within warranty service management and broader aftermarket business transformation.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This study assesses the capability and business strategy of many notable aftermarket service technology vendors.

Please keep in mind the following definitions:

- Warranty management is defined by IDC as the stages of the warranty process including registration, administration, claim capture, claims validation, early failure detection, fraud detection, recalls, parts returns, adjudication, extended warranty service, supplier recovery, supplier reporting, analytics, and reserve optimization.

- Digital business is defined by IDC as a business where value creation is based on the use of digital technologies, including internal and external processes; how an organization engages with customers, citizens, suppliers, and partners; how it attracts, manages, and retains employees; and what products, services, and experiences it provides. Digital transformation (DX) is not over, we have just shifted to running a digital business.
- Digital transformation is defined by IDC as transforming decision-making with technology and remains a board-level initiative and is at the heart of business strategies for companies of all sizes. DX uses 3rd Platform technologies such as cloud, mobile, social, and Big Data and analytics as well as innovation accelerators including the IoT, robotics, 3D printing, and AR/VR.
- Generative artificial intelligence (AI) is defined by IDC as a branch of computer science that involves unsupervised and semi-supervised algorithms that enable computers to create new content by using previously created content such as text, audio, video, images, and code in response to short prompts.
- Service life-cycle management is defined by IDC as the process of servicing a product or asset through its lifetime. This includes customer support, service request, service planning, service execution and field service, spare parts management, warranty management, and recalls.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Service Life-Cycle Management Platforms 2023–2024 Vendor Assessment* (IDC #US49989623, October 2023)
- *Market Analysis Perspective: Worldwide Aftermarket Services Strategies Applications, 2023* (IDC #US51164723, August 2023)
- *2023 Product Innovation and Aftermarket Services Global Survey* (IDC #US51035223, July 2023)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of technology vendors participating in the warranty service management applications market.

"Warranty service management is an untapped wealth of opportunity for service organizations and manufacturers," says Aly Pinder, research vice president, Worldwide Aftermarket Services Strategies, IDC. "The data being captured during a warranty claim provides more than just a static input to confirm payment it should inform decisions to improve product quality, innovate future products, and differentiate the service experience."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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